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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

In re:

R & R Trucking, Inc. and Ricardo
and Rosa Cantu

Debtors

Case No. 19-00473-FPC11
Jointly Administered

**UNITED STATES TRUSTEE'S OBJECTION
TO DISCLOSURE STATEMENT**

The United States Trustee objects to the Disclosure Statement filed by the Debtors on September 23, 2020 as Docket #162 (the "Disclosure Statement"). The United States Trustee asserts that the Disclosure Statement does not contain adequate information for the following reasons:

1. LIQUIDATION ANALYSIS

- a. Exempt Assets. The exemptions in a number of assets claimed by Debtors Ricardo and Rosa Cantus are not reflected in the liquidation analysis in the Disclosure Statement. If the Cantus are waiving their exemptions then the disclosure statement should clearly state that, otherwise their exemptions need to be reflected in the disclosure statement.
- b. Summary. Except for the exemptions, it appears that the liquidation analysis contains all the necessary information. However, there is no summary table bringing all of that information into one place where creditors can clearly see the total asset values, the amount which would go

to secured creditors, the amount going to the Cantus as exempt, and the amount that would be available to unsecured creditors in a liquidation.

2. FINANCIALS

- a. Past Performance. The Disclosure Statement does not contain any information about the Debtors' past financial performance. Instead it only refers creditors to the monthly operating reports they filed in this case. That is not sufficient. Information about the Debtors' past financial performance should be included in the Disclosure Statement in the same format that is used to show the Debtors' projections of future financial performance.
- b. R&R Logistics. All of the income of R&R Trucking and much if not all of the income of the Cantus is derived from a related entity, R&R Logistics. Accordingly, both past performance numbers and projections for the future financial performance of R&R Logistics should be provided in the Disclosure Statement in order to permit creditors to evaluate the financial projections made by R&R Trucking and the Cantus. The financials for R&R Logistics should also separately detail the compensation to the Cantus so that creditors can see if it supports their income projections.
- c. Kiddie Corner Kids Learning Center. If any material amount of the Cantus' income is from Kiddie Corner or any of their other businesses then similar past and projected financial information from those businesses should similarly be included in the Disclosure Statement.

3. **ABSOLUTE PRIORITY RULE**. Because the Cantus are proposing to retain their ownership interest in R&R Trucking but are not proposing 100% payment to the unsecured creditors, the Disclosure Statement should contain a discussion about the absolute priority rule of §1129(b)(2) and its impact on the confirmation process.

The United States Trustee reserves the right to amend its objection to include any issues raised by any information subsequently provided to the United States Trustee. The

United States Trustee further reserves any objections to confirmation of the Proposed Plan of Reorganization.

For all of the foregoing reasons, the United States Trustee objects to and asks the Court to deny approval of the Disclosure Statement until these problems have been corrected. The United States Trustee requests a hearing on this objection.

Dated: October 16, 2020

Respectfully submitted,

GREGORY M. GARVIN
Acting United States Trustee

/s/ James D. Perkins
JAMES D. PERKINS
Attorney for the United States Trustee